

AMENDED IN SENATE APRIL 30, 2002

SENATE BILL

No. 1976

Introduced by Senator Torlakson

February 22, 2002

An act relating to energy resources, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1976, as amended, Torlakson. State Energy Resources Conservation and Development Commission: report: real-time pricing.

Existing law requires the State Energy Resources Conservation and Development Commission to conduct an ongoing assessment of the opportunities and constraints presented by all forms of energy.

This bill would require the commission, in consultation with the Public Utilities Commission, to report to the Legislature and the Governor, by ~~November 1, 2002~~ *March 31, 2003*, regarding the feasibility of implementing real-time pricing tariffs for electricity in California.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: ²/₃. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

1 (a) Californians can significantly increase the reliability of the
2 electricity system and reduce the level of wholesale electricity
3 prices by reducing electricity usage at peak times.

4 (b) Real-time pricing provides incentives to reduce electricity
5 consumption in precisely those hours when supplies are tight and
6 provides lower prices when wholesale prices are low.

7 ~~(c) Real-time pricing is the fastest and most cost-effective way~~
8 ~~to achieve large amounts of demand reduction.~~

9 ~~(d) Real-time pricing helps mitigate the market power of~~
10 ~~generators by allowing loads to participate in the wholesale~~
11 ~~market.~~

12 ~~(e)–~~

13 (c) The State of California, through Assembly Bill 29 of the
14 2001–02 First Extraordinary Session, has already invested
15 thirty-five million dollars (\$35,000,000) in real-time meters for
16 customers who consume greater than 200 kilowatts.

17 ~~(f)–~~

18 (d) Real-time pricing integrates information technology into
19 the energy business, and creates new markets for communications,
20 microelectronic controls, and information.

21 ~~(g)–~~

22 (e) It is the intent of the Legislature to promote energy
23 conservation and demand reduction in the State of California.

24 SEC. 2. (a) On or before ~~November 1, 2002~~ *March 31, 2003*,
25 the State Energy Resources Conservation and Development
26 Commission, in consultation with the Public Utilities
27 Commission, shall report to the Legislature and the Governor
28 regarding the feasibility of implementing real-time pricing tariffs
29 for electricity in California.

30 (b) The report shall consider all of the following:

31 (1) How wholesale real-time prices would be calculated and
32 made available to customers.

33 (2) Options for day-ahead and hour-ahead retail prices.

34 (3) Options for facilitating customer response to real-time
35 prices and managing ~~their utility costs support, such as total~~
36 *customer costs, including, but not limited to*, real-time metering
37 and communication systems, consumer-side of the meter
38 notification, and automatic response equipment.

39 (4) Estimates of potential peak load reductions.

1 (5) Options for incorporating demand responsiveness into the
2 wholesale competitive market and operations of the California
3 Independent System Operator.

4 (6) *Options for ensuring customer protection under a real-time*
5 *pricing scenario, including identifying potentially disadvantaged*
6 *groups who may be disproportionately vulnerable to the impact of*
7 *volatile prices and suggestions for effective safeguards for those*
8 *customers.*

9 SEC. 3. This act is an urgency statute necessary for the
10 immediate preservation of the public peace, health, or safety
11 within the meaning of Article IV of the Constitution and shall go
12 into immediate effect. The facts constituting the necessity are:

13 In order to determine the feasibility of real-time pricing as soon
14 as possible, it is necessary that this act take effect immediately.

